

CENTRAL INTELLIGENCE AGENCY  
INFORMATION REPORT

## REPORT

CD NO.

COUNTRY East Germany

SUBJECT Price Reductions in East Germany

DATE DISTR 11 January 1955

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**SUPPLEMENT TO  
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**THIS IS UNEVALUATED INFORMATION**

1. At the suggestion of Pushkin, Soviet Ambassador in Berlin, the SED Politburo discussed the possible abolition of the use of ration cards on 1 September 1954 for two weeks. Pushkin pointed out that the international situation and the growing opposition against the Adenauer regime in West Germany, as well as the imminent Leipzig Fair, would require this step which in the eyes of the world would prove the consolidation of the SED regime and the economic progress made in the GDR. Pushkin promised increased food deliveries by the USSR in the event that the food ration cards were abolished.

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2. The opinion of the Politburo was divided. Pieck and Oelsner sided with Pushkin; Grotewohl was undecided. Schirdewan, Stoph, Rau and Ebert rejected Pushkin's proposal and suggested a major reduction of prices. Ulbricht and Matern were absent. Leuschner, Mueckenberger and Neumann proposed that foodstuffs could be derationed except butter, meat and meat products. Finally, Curt Wach, Minister of Supply, and Schmidt, his deputy, prevailed. They pointed out that, in view of the critical supply situation and uncertainty about the yields of the coming harvest, a derationing of food and reduction of prices was impossible for the time being. Wach and Schmidt supported their opinion with statistical data and reminded the Politburo that the food supply situation had not changed since March 1954 when the derationing of food was discussed at the Fourth SED Conference. Since it was not possible to ignore Pushkin's suggestions completely, and the situation immediately prior to the Leipzig Fair called for great efforts to be made to increase the confidence of foreign countries in the economic rehabilitation of the GDR, Wach and Schmidt at last gave their agreement to a reduction of prices for some major food stuffs. This was done although they expressed the fear that stocks of lard, margarine and animal fats were inadequate. The Soviets, so far, supplied only wheat, fish, and canned fish. It was expected, however,

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The price reduction decided upon went into force on 6 November 1954.

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 Comment: In evaluating the reduction of prices mentioned in the present report, it must be considered that neither rationed foodstuffs nor normal foodstuffs bought at HO shops were affected by this reduction. People with low incomes, therefore, did not profit by this reduction. Living costs for people with low incomes have actually increased since 1950. The GDR Minister of Trade and Supply was probably right in assuming that the present situation in the GDR made a reduction of prices for food a great risk.

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